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INFO RUEHBK/AMEMBASSY BANGKOK PRIORITY 2712  
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RUEKJCS/JOINT STAFF WASHDC PRIORITY  
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000753

SIPDIS

STATE FOR EAP, DRL, F  
STATE PLEASE PASS TO USAID/AME  
STATE PLEASE PASS TO USTR  
STATE PLEASE PASS TO COMMERCE  
TREASURY FOR OASIA, OFAC  
BANGKOK FOR USAID/RDMA

E.O. 12958: DECL: 09/24/2018

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SUBJECT: MARKERS REGARDING A NEW USAID PROPOSAL FOR BURMA

Classified By: CDA Larry Dinger for Reasons 1.4 (b) & (d)

Need a rapid, flexible aid mechanism

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¶1. (C) Embassy Rangoon offers a few thoughts as the interagency considers how best to address assistance for Burma. A new assistance mechanism to allow a rapid, flexible response to new opportunities for democratic development in Burma is important. We stand ready to work closely with Washington agencies, USAID/RDMA in Bangkok, and a selected contractor to develop and implement such a mechanism, if it is approved. In that context, several key points require emphasis.

Keep near-term expectations realistic

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¶2. (C) While the need for a mechanism to permit rapid, flexible aid delivery is clear, we do not believe the situation on the ground in Burma today will permit near-term distribution of large amounts of funding for overtly political activities. The pool of potential recipients is limited currently due to arrests, regime harassment, and self-exile among activists. We do see occasional possibilities: we are, for example, seeking DRL approval to fund a political conference in Shan state in an area controlled by the Shan State Army (septel). However, at present few activists are likely to risk direct political action with U.S. assistance. Those who would take the risk on a large scale are likely to be arrested. Thus, funds for overtly political activities will most likely be drawn down in small amounts initially, with the intention that, as circumstances change and new opportunities arise, the mechanism can spring into much greater activity.

Target civil-society development for now

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¶3. (C) The best bet initially is for the mechanism to fund a broad range of activities that counter the regime's control over society, even if they are not overtly political: funding activities that enhance grass-roots organizational and networking skills and build a platform to promote or capitalize on change in the future. The goal should be to fund political action when sensible. For now, though, less

direct efforts to undermine the government's writ and create alternate centers of power can still contribute significantly to USG long-term interests.

Continue funding for post-Nargis recovery

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¶4. (C) Recent visits to Burma's Delta provide convincing evidence that pressing humanitarian needs there will continue well into 2009 and beyond. Recipients are extremely thankful for USG assistance, and beg for it to continue. Beyond that, continued funding for cyclone recovery efforts would provide important cover for the new USG assistance activities and capacity-building objectives. It would also provide presumably palatable justification to the GOB for assignment of a permanent USAID representative here, a crucially important step for successful implementation of the new aid mechanism.

Ensure USAID presence on the ground in Burma

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¶5. (C) Staff at Embassy Rangoon are small in number with many responsibilities, yet on the ground oversight of the new aid mechanism is essential. No outside observer can measure with sensitivity the various aspects of the risk/reward calculations in Burma, something that will have to be done constantly. USAID/RDMA Bangkok and Embassy Rangoon are already consulting closely on how the new aid mechanism can best be managed. We look forward to working together seamlessly. But there is no doubt that the new mechanism

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will require at least one full-time, highly talented USAID staffer in Rangoon. If, despite best efforts, the Burma Government denies permission for USAID staff here, we flag that the whole concept for the new program has to be re-visited.

Bottom line: worth the effort, with realistic expectations

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¶6. (C) Embassy Rangoon is convinced a flexible, rapid-response aid mechanism makes total sense and we are ready to support it enthusiastically, so long as expectations are clear and reflect the limiting realities on the ground.  
DINGER